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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
 )  
Eligibility for the Specialized ) GN Docket No. 94-90  
Mobile Radio Services and Radio )  
Services in the 220-222 MHz Land )  
Mobile Band and Use of Radio )  
Dispatch Communications )

COMMENTS  
OF THE  
UNITED STATES TELEPHONE ASSOCIATION

The United States Telephone Association (USTA) respectfully submits its comments in the above-referenced proceeding. USTA is the principal trade association of the exchange carrier industry. Its members provide over 98 percent of the exchange-carrier provided access in the U.S. USTA's member companies provide both wireline and wireless services to their customers. Several of USTA's members held licenses for specialized mobile radio (SMR) service pursuant to waiver of the Commission's rules.<sup>1</sup>

In its Notice of Proposed Rulemaking (Notice) released August 11, 1994, the Commission is proposing to amend its rules to eliminate the prohibition on wireline telephone company ownership of SMR and commercial 220 MHz mobile radio licenses. The Commission is also proposing to eliminate the current prohibition on the provision of dispatch service by cellular and other licensees. For the reasons set forth below, USTA supports the Commission's proposals.

<sup>1</sup>See, 7 FCC Rcd 4398 (1992).

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The removal of the wireline ownership restrictions is in the public interest. In the twenty years since the prohibition was enacted, the regulatory and competitive environment in the mobile services market has changed dramatically. The record before the Commission indicates that the SMR industry is mature and highly competitive.<sup>2</sup> Whatever reason the Commission had for imposing these restrictions is no longer valid.

Elimination of the restriction will remove unnecessary regulation and will enhance competition in the mobile service marketplace, resulting in better service for customers. Wireline carrier entry into this market will stimulate competition. Wireline carriers will have to develop new technologies and service to compete with established SMR service providers. Wireline carriers are also exceptionally well qualified to promote the development of narrowband technology. Elimination of the restrictions will level the playing field between wireline and non-wireline carriers consistent with the intent of Congress and the Commission.<sup>3</sup> Wireline carriers can assist in bringing SMR and commercial mobile service to rural areas. Elimination of the restrictions will enhance opportunities for wireline carriers and mobile radio licensees, making possible partnering and other business relationships that are now effectively precluded.

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<sup>2</sup>See, for example, comments filed by Cass Cable TV, Inc. on May 20, 1994 in requests for Waiver of Section 90.603(c) of the Commission's Rules to Permit Wireline Common Carriers to Hold SMR Licenses, DA 94-329.

<sup>3</sup>See, 9 FCC Rcd 1411 (1994) (implementing revised Section 332(c)(3) of the Communications Act of 1934 as amended).

Further, there is no need to impose additional accounting safeguards or to require wireline carriers to provide SMR and other mobile services only through a separate subsidiary. Those telephone companies that were permitted to own SMR licenses pursuant to waiver within their telephone serving areas reported that there were no complaints by other SMR licensees of any discriminatory or anticompetitive behavior.<sup>4</sup> The accounting safeguards already imposed by the Commission are more than adequate to permit the Commission to detect any cross-subsidization. Further, the Commission has already determined that separate subsidiaries are not in the public interest and should not be used to deny a firm's ability to utilize economies of scope in the provision of telecommunications services.<sup>5</sup> The Commission has also decided that exchange carrier provision of PCS would not require the establishment of separate subsidiaries.<sup>6</sup> The Commission should not impose any regulation which facilitates disparate treatment of wireline carriers if it hopes to encourage the public interest benefits which can be realized in a competitive mobile service market. Imposition of these types of regulations would certainly undermine the

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<sup>4</sup>See, comments filed in DA 94-329.

<sup>5</sup>Computer III Remand Proceedings, CC Docket No. 90-623, Report and Order, 6 FCC Rcd 7571 (1991); appeal pending sub. nom., California v. FCC, No. 92-70083 (9th Cir. filed February 14, 1992).

<sup>6</sup>Amendment of the Commission's Rules to Establish New Personal Communications Services, GEN Docket No. 90-314, Second Report and Order, released October 22, 1993 at ¶ 126.

Commission's intent in lifting the wireline prohibition on SMR, commercial mobile service dispatch service licenses.

USTA urges the Commission to act expeditiously to lift the restriction as proposed in the Notice and to refrain from imposing different restrictions on wireline carrier mobile service offerings.

Respectfully submitted,

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October 5, 1994